

Report of the Auditors

To the Shareholders' of Guardian General Insurance Limited

We have audited the accompanying non-consolidated financial statements of Guardian General Insurance Limited, which comprise the non-consolidated statement of financial position as at 31 December 2013, non-consolidated statement of comprehensive income, non-consolidated statement of changes in equity and non-consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

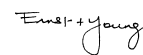
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including

the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying non-consolidated financial statements presents fairly, in all material respects the financial position of Guardian General Insurance Limited as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Port of Spain, Trinidad:
20 March 2014

Unconsolidated Statement of Financial Position

As at 31 December 2013

	2013 \$	Restated 2012 \$	Restated 2011 \$
Assets			
Property and equipment	25,895	26,519	27,913
Investment properties	19,268	19,236	20,081
Investment in associated companies	15,540	15,540	15,540
Investment in subsidiaries	9,271	48,734	48,009
Financial assets	506,404	541,753	477,472
Loans and receivables	91,790	87,731	90,692
Pension plan asset	3,161	5,291	-
Deferred tax asset	1,272	3,040	3,464
Reinsurance assets	267,046	277,875	277,557
Due from parent and affiliated companies	6,004	1,302	545
Deferred acquisition costs	41,301	41,060	40,880
Taxation recoverable	3,751	3,497	3,537
Cash and cash equivalents	345,004	330,332	317,660
Total assets	<u>1,335,707</u>	<u>1,401,910</u>	<u>1,323,350</u>
Equity and liabilities			
Shareholders' equity			
Share capital	49,837	49,194	47,438
Other reserves	59,849	59,507	59,586
Retained earnings	317,295	341,171	294,008
Total equity	<u>426,981</u>	<u>449,872</u>	<u>401,032</u>
Liabilities			
Insurance contracts	757,232	805,102	814,163
Pension plan obligation	9,188	9,722	5,926
Post retirement benefit obligation	3,548	2,910	-
Deferred tax liabilities	16,187	19,344	17,888
Due to affiliated companies	3,779	3,881	2,152
Payables and accruals	111,031	107,917	77,543
Provision for taxation	7,761	3,162	4,646
Total liabilities	<u>908,726</u>	<u>952,038</u>	<u>922,318</u>
Total equity and liabilities	<u>1,335,707</u>	<u>1,401,910</u>	<u>1,323,350</u>

Unconsolidated Statement of Income

For The Year Ended 31 December 2013

	2013 \$	Restated 2012 \$
Gross premiums written	1,372,660	1,316,725
Outward reinsurance premiums	<u>(1,007,253)</u>	<u>(948,867)</u>
Net premiums written	365,407	367,858
Change in gross provision for unearned premiums	(12,880)	(2,360)
Change in provision for unearned premiums reinsurers' share	<u>14,636</u>	<u>3,494</u>
Net insurance premium revenue	367,163	368,992
Reinsurance commission	<u>112,826</u>	<u>101,843</u>
Underwriting revenue	<u>479,989</u>	<u>470,835</u>
Gross claims incurred	168,780	235,803
Reinsurers' share of claims incurred	<u>(59,515)</u>	<u>(97,992)</u>
Net claims incurred	109,266	137,811
Acquisition costs	133,250	128,412
Change in deferred acquisition costs	(165)	(426)
Expenses of management	<u>134,680</u>	<u>119,482</u>
Underwriting expenses	<u>377,030</u>	<u>385,279</u>
Underwriting profit	102,959	85,556
Investment income	73,662	43,343
Net realized (losses)/gains on financial assets	(181)	1,889
Net fair value gains/(losses) on financial assets at fair value through profit or loss	12,120	13,319
Other operating income/(expense)	<u>2,680</u>	<u>(1,004)</u>
Net investment and other income	<u>88,281</u>	<u>57,547</u>
Profit before taxation	191,240	143,103
Taxation	<u>(30,942)</u>	<u>(27,963)</u>
Profit for the year	<u>160,298</u>	<u>115,140</u>

On 20 March 2014, the Board of Directors of Guardian General Insurance Limited authorized these unconsolidated financial statements for issue.



Director



Director

Unconsolidated Statement of Comprehensive Income

For The Year Ended 31 December 2013

	2013 \$	Restated 2012 \$
Profit for the year	160,298	115,140
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	367	(244)
Gains on property revaluation	<u>(25)</u>	<u>165</u>
Net other comprehensive income/(loss) that may be reclassified subsequently to profit or loss	<u>342</u>	<u>(79)</u>
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement of post-employment benefits	(4,779)	(5,702)
Income tax credit/(charge)	<u>1,194</u>	<u>1,425</u>
Net other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss	<u>(3,585)</u>	<u>(4,277)</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(3,243)</u>	<u>(4,356)</u>
Total comprehensive income for the year attributable to shareholders	<u>157,055</u>	<u>110,784</u>

Unconsolidated Statement of Cash Flows

For The Year Ended 31 December 2013

	2013 \$	2012 \$
Cash flows from operating activities		
Profit before taxation	191,240	143,103
Adjustment for non-cash items	<u>(87,156)</u>	<u>(57,568)</u>
	104,084	85,535
Changes in operating assets and liabilities:		
(Decrease)/increase in insurance liabilities	(47,870)	(9,061)
Increase in reinsurance assets	10,829	(318)
Net movement in other operating assets/liabilities	<u>(10,709)</u>	<u>34,147</u>
Cash generated from operations	56,334	110,303
Net taxation paid	<u>(26,766)</u>	<u>(26,168)</u>
Net cash generated from operating activities	<u>29,568</u>	<u>84,135</u>
Cash flows from investing activities		
Purchase of property and equipment	(801)	(907)
Purchase of financial assets	(39,793)	(86,311)
Proceeds from sale of financial assets	94,771	37,218
Interest received	12,133	18,796
Dividends received from third parties	2,123	1,833
Dividends received from subsidiaries and associates	<u>57,583</u>	<u>21,608</u>
Net cash generated from/used in investing activities	<u>126,016</u>	<u>(7,763)</u>
Cash flows from financing activities		
Dividends paid to Company's shareholders	<u>(140,912)</u>	<u>(63,700)</u>
Net cash used in financing activities	<u>(140,912)</u>	<u>(63,700)</u>
Net increase in cash and cash equivalents	14,672	12,672
Cash and cash equivalents at beginning of year	<u>330,332</u>	<u>317,660</u>
Cash and cash equivalents at end of year	<u>345,004</u>	<u>330,332</u>

Unconsolidated Statement of Changes in Equity

For The Year Ended 31 December 2013

	Share capital \$	Statutory reserve \$	Translation reserves \$	Revaluation reserve \$	Retained earnings \$	Total equity \$
Year ended 31 December 2013						
Balance at beginning of year - restated	49,194	50,784	3,100	5,623	341,171	449,872
Profit attributable to shareholders	-	-	-	-	160,298	160,298
Other comprehensive (loss)/income	-	-	367	(25)	(3,585)	(3,243)
Total comprehensive income	49,194	50,784	3,467	5,598	497,884	606,927
Share option scheme - value of services provided	643	-	-	-	-	643
Loss on group re-organization	-	-	-	-	(39,677)	(39,677)
Dividends paid	-	-	-	-	(140,912)	(140,912)
Balance at end of year	<u>49,837</u>	<u>50,784</u>	<u>3,467</u>	<u>5,598</u>	<u>317,295</u>	<u>426,981</u>
Year ended 31 December 2012						
Balance at beginning of year	47,438	50,784	3,344	5,458	298,452	405,476
Prior period adjustment	-	-	-	-	(4,444)	(4,444)
Balance at beginning of year - restated	47,438	50,784	3,344	5,458	294,008	401,032
Profit attributable to shareholders - restated	-	-	-	-	115,140	115,140
Other comprehensive income/(loss) - restated	-	-	(244)	165	(4,277)	(4,356)
Total comprehensive income	47,438	50,784	3,100	5,623	404,871	511,816
Share option scheme - value of services provided	1,756	-	-	-	-	1,756
Dividends paid	-	-	-	-	(63,700)	(63,700)
Balance at end of year - restated	<u>49,194</u>	<u>50,784</u>	<u>3,100</u>	<u>5,623</u>	<u>341,171</u>	<u>449,872</u>